

AUDITED FINANCIAL STATEMENTS

VICKSBURG DISTRICT LIBRARY

FEBRUARY 29, 2008

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Vicksburg District Library	County Kalamazoo
Fiscal Year End February 29, 2008	Opinion Date May 6, 2008	Date Audit Report Submitted to State <i>May 20, 2008</i>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

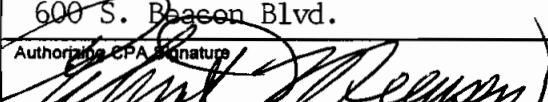
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**YES** ☒ **NO** ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	NONE	
Certified Public Accountant (Firm Name) Calvin D. Meeusen, C.P.A., PLLC		Telephone Number 616-846-6210	
Street Address 600 S. Beacon Blvd.		City Grand Haven	State MI
Authorizing CPA Signature 		Zip 49417	License Number 1101006731
Printed Name Calvin D. Meeusen			

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**INDEPENDENT AUDITOR'S REPORT**

Vicksburg District Library  
Vicksburg, Michigan

I have audited the accompanying financial statements of the governmental activities of the Vicksburg District Library, as of and for the year ended February 29, 2008, as listed in the table of contents. These financial statements are the responsibility of the Vicksburg District Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements listed in the table of contents present fairly in all material respects, the financial position of the governmental activities of the Vicksburg District Library at February 29, 2008, and the results of the operations of such funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

My report of comments and recommendations has been submitted under date of May 6, 2008.

 C.P.A. PLLC

May 6, 2008

Vicksburg District Library  
Management's Discussion and Analysis  
February 29, 2008

Using this Annual Report

This annual report consists of the Library's financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Library and present a longer-term view of the Library's finances. Fund financial statements (i.e. the Statement of Governmental Fund Revenue, Expenditures and changes in Fund Balance and the Governmental Fund Balance Sheet) tell how these services were financed in the short-term, as well as what remains for future spending.

The Library as a Whole

The Library's combined net assets increased 3% from a year ago - increasing from \$810,031 to \$833,742. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
Current Assets	\$522,796	\$518,924
Noncurrent Assets	<u>321,259</u>	<u>313,377</u>
Total Assets	<u>844,055</u>	<u>832,301</u>
Current Liabilities	<u>10,313</u>	<u>22,270</u>
Total Liabilities	<u>10,313</u>	<u>22,270</u>
Net Assets		
Invested in Capital Assets-Net of Debt	321,259	313,377
Restricted	8,704	10,725
Unrestricted	<u>503,779</u>	<u>485,929</u>
Total Net Assets	<u>\$833,742</u>	<u>\$810,031</u>

Unrestricted net assets, which represent net assets that can be used to finance day to day operations, increased by \$17,850 for the year. This represents an increase of approximately 4%. The current level of unrestricted net assets for our governmental activities stands at \$503,779 or about 142% of operating expenditures.

Vicksburg District Library  
Management's Discussion and Analysis  
February 29, 2008

The following table shows the changes of the net assets as of the current date to the prior year:

	<u>2008</u>	<u>Governmental Activities</u>	<u>2007</u>
Revenues:			
Property taxes	\$ 302,096		\$ 288,783
State grants	8,971		8,198
Penal fines	29,327		26,586
Contributions	6,573		13,222
Fees and book fines	18,009		14,911
Interest	11,334		15,907
Other revenue	<u>2,053</u>		<u>4,547</u>
TOTAL REVENUES	378,363		372,154
Expenses:			
Salaries and fringe benefits	193,232		187,365
Special projects	62,151		52,482
Professional and contractual services	16,167		8,930
Program costs	8,397		12,373
Utilities	10,954		9,646
Depreciation	26,985		26,442
Other	<u>36,766</u>		<u>61,099</u>
TOTAL EXPENSES	<u>354,652</u>		<u>358,337</u>
Increase in Net Assets	23,711		13,817
Net Assets at March 1	<u>810,031</u>		<u>796,214</u>
Net Assets at February 29	<u>\$ 833,742</u>		<u>\$ 810,031</u>

The Library's net assets continue to remain healthy. The library has enough cash on hand at the end of the year to fund normal operating expenses in similar circumstances for over twelve months.

Vicksburg District Library  
Management's Discussion and Analysis  
February 29, 2008

Governmental Activities

The Library's total revenues increased by over \$6,000, primarily due to the increase of property taxes.

General Fund expenditures overall remained approximately the same this year which included increases in personnel costs, contract services and utilities. Decreases in expenditures occurred in required building repairs and in professional development.

The Library's Funds

An analysis of the Library's General Fund is on page 18, following the notes to the financial statements. The fund financial statements provide detail information about the most significant funds, not the Library as a whole. The Library Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The Library's major fund for 2008 is the General Fund.

The General Fund pays the Library's general operating expenditures. The most significant are salaries and fringe benefits of approximately \$193,000 for the fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the Library Board amended the budget to take into account events during the year. Library expenditures overall stayed below budget, resulting in total expenditures of \$59,386 below budget. The General Fund's fund balance increased from \$210,730 a year ago to \$213,077 at February 29, 2008. Amendments to the budget were made for both revenues and expenditures.

Budget adjustments were made to address costs and expenditures for the year. Proposed budget figures were adjusted to include the added costs of salaries and fringe benefits, books and related materials and professional and contractual services.

Two costly trends are noted: When a contractor is called, the bill will escalate to \$1,000 quickly. This happened with both the electrician and the computer expert. Another shock was the amount of the supplies budget that was spent on printer ink cartridges- about \$4,000 of the \$12,900. Counter-measures are being taken.

Capital Asset and Debt Administration

At February 29, 2008 the Library had \$840,322 invested in a broad range of capital assets, land, a building, books and other collections and furniture and equipment.

Vicksburg District Library  
Management's Discussion and Analysis  
February 29, 2008

Economic Factors and Next Year's Budgets and Rates

The Library's budget for the next fiscal year projects property taxes, which is the largest source of revenue, to increase. State aid will likely decrease and penal fines will probably remain steady. The State of Michigan has again experienced budgeting problems and as solutions are looked for, state aid revenue may decline. Salaries, which remain as the largest expenditure, should see only a slight increase.

The demise of our SMLC coop will require that the Library fund Inter-Library Loan and training/professional development costs upfront with eventual repayment from residual coop funds resulting from the sale of the building.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, patrons and other interested parties with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact us at (269) 649-1648.



Vicksburg District Library  
Governmental Funds Balance Sheet/Statement of Net Assets  
February 29, 2008

	General Fund Modified Accrual		Statement of
	Basis	Adjustments	Net Assets
<b>Assets</b>			
Cash	\$ 394,043	\$ -	\$ 394,043
Receivables:			
Taxes	128,753	-	128,753
Property, plant and equipment	<u>-</u>	<u>321,259</u>	<u>321,259</u>
Total assets	<u>\$ 522,796</u>	<u>\$ 321,259</u>	<u>\$ 844,055</u>
<b>Liabilities</b>			
Accounts payable	\$ 3,167	\$ -	\$ 3,167
Accrued liabilities	7,146	-	7,146
Deferred revenue	<u>299,406</u>	<u>(299,406)</u>	<u>-</u>
Total Liabilities	<u>\$ 309,719</u>	<u>\$ (299,406)</u>	<u>\$ 10,313</u>
<b>Fund Balance/Net Assets</b>			
Fund Balances			
Reserved	8,704	(8,704)	-
Unreserved	<u>204,373</u>	<u>(204,373)</u>	<u>-</u>
Total fund equities	<u>213,077</u>	<u>(213,077)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 522,796</u>		
<b>Net Assets</b>			
Invested in Capital Assets-Net of Related Debt		321,259	321,259
Restricted		8,704	8,704
Unrestricted		<u>503,779</u>	<u>503,779</u>
Total Net Assets		<u>\$ 833,742</u>	<u>\$ 833,742</u>

The accompanying notes are an integral part of this statement.

Vicksburg District Library  
Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund  
Balance/Statement of Activities  
Year ended February 29, 2008

	General Fund Modified Accrual Basis	Adjustments	Statement of Activities
Revenues:			
Property taxes	\$ 288,614	\$ 13,482	\$ 302,096
State grants	8,971		8,971
Penal fines	29,327		29,327
Contributions	6,573		6,573
Fees and book fines	18,009		18,009
Interest	11,334		11,334
Other revenue	2,053		2,053
TOTAL REVENUES	364,881	13,482	378,363
Expenditures:			
Salaries and fringe benefits	193,232	-	193,232
Conferences, workshops, and travel	2,594		2,594
Memberships	1,126		1,126
Books and related materials	29,998	(29,998)	-
Supplies	14,718		14,718
Special projects	62,151		62,151
Repairs and maintenance	9,265		9,265
Professional and contractual services	16,167		16,167
Insurance	5,104		5,104
Telephone	3,680		3,680
Program costs	8,397		8,397
Utilities	10,954		10,954
Capital outlay	4,869	(4,869)	-
Depreciation	-	26,985	26,985
Miscellaneous	279		279
TOTAL EXPENDITURES	362,534	(7882)	354,652
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,347	21,364	23,711
Fund balances - March 1	210,730	599,301	810,031
Fund balances - February 29	\$ 213,077	\$ 620,665	\$ 833,742

The accompanying notes are an integral part of this statement.

Vicksburg District Library

NOTES TO FINANCIAL STATEMENTS

February 29, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Vicksburg District Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Vicksburg District Library:

1. Reporting Entity

The Vicksburg District Library is located in Vicksburg, Michigan and is governed by an appointed eight-member board. In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Vicksburg District Library.

The Statement of Activities demonstrates the degree to which the direct expenses of providing library services are offset by the revenues designated to fund those services. All of the revenues of the Library are intended to pay for those direct expenses.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are

Vicksburg District Library

NOTES TO FINANCIAL STATEMENTS - CONTINUED

February 29, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation-Cont.

recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The various funds are presented in these financial statements as follows:

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Library.

4. Capital Assets

Capital assets, which include property, plant and equipment are reported in the Statement of Net Assets column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 50 years
Collections	5 - 10 years
Equipment	5 - 10 years
Furniture and Fixtures	10 years
Computer Equipment	5 years

Vicksburg District Library

NOTES TO FINANCIAL STATEMENTS - CONTINUED

February 29, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budgets and Budgetary Accounting

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. On or about January 15, the Library submits to the general public a proposed operating budget for the fiscal year commencing the following March 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. On or about February 15, the budget is legally enacted through passage of a resolution.
- d. The Library Board is authorized to transfer budgeted amounts within departments within any activities.
- e. The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles.
- f. Appropriations for the general fund lapse at the end of the fiscal year.

Budgeted amounts are as originally adopted, or as amended by Library Board as of February 29, 2008.

6. Compensated Absences

Library employees earn vacation and sick leave in varying amounts based on length of service. Unused vacation pay and sick leave may accumulate and be carried over to a subsequent year, subject to restrictions. No portion of unused sick leave is paid to employees at the time of termination or retirement.

7. Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Library.

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Vicksburg District Library

NOTES TO FINANCIAL STATEMENTS - CONTINUED

February 29, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Risk Management

The Vicksburg District Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries, as well as medical benefits provided to employees. The Library has purchased commercial insurance for the protection of real and personal property. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

10. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

11. Cash Equivalents

The Library considers all short-term investments with an original maturity of three months or less to be cash equivalents.

NOTE B - CASH

The Library's cash at February 29, 2008 was reported in the basic financial statements in the following categories:

	Governmental <u>Activities</u>
Cash	\$ <u>394,043</u>

At February 29, 2008 the carrying amount of the Library's deposits was \$394,043. The bank balance of the Library's deposits was \$394,738. The bank balance was covered by federal depository insurance.

NOTE C - CAPITAL ASSETS

Capital asset activity of the Library for the year ended February 29, 2008 was as follows:

Vicksburg District Library

NOTES TO FINANCIAL STATEMENTS - CONTINUED

February 29, 2008

NOTE C - CAPITAL ASSETS - CONTINUED

	Balance March 1 <u>2007</u>	Addi- tions	Dele- tions	Balance February 29 <u>2008</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ <u>3,585</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,585</u>
Capital Assets Being Depreciated				
Buildings and improvements	438,478	-	-	438,478
Collections	347,628	29,998	23,800	353,826
Equipment	14,420	-	-	14,420
Furniture and Fixtures	18,067	-	-	18,067
Computer Equipment	<u>7,077</u>	<u>4,869</u>	<u>-</u>	<u>11,946</u>
Subtotal	<u>825,670</u>	<u>34,867</u>	<u>23,800</u>	<u>836,737</u>
Less Accumulated Depreciation for				
Buildings and improvements	175,306	9,169	-	184,475
Collections	309,742	14,838	23,800	300,780
Equipment	11,685	1,542	-	13,227
Furniture and Fixtures	12,068	706	-	12,774
Computer Equipment	<u>7,077</u>	<u>730</u>	<u>-</u>	<u>7,807</u>
Subtotal	<u>515,878</u>	<u>26,985</u>	<u>23,800</u>	<u>519,063</u>
Net Capital Assets Being Depreciated	<u>309,792</u>	<u>7,882</u>	<u>-</u>	<u>317,674</u>
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	\$ <u>313,377</u>	\$ <u>7,882</u>	\$ <u>-</u>	\$ <u>321,259</u>

NOTE D - PENSION PLAN

The Library contributes to the Michigan Municipal Employees' Retirement System, a cost-sharing multiple employer defined benefit pension plan. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The system issues a publicly available financial report. That report may be obtained by writing to Municipal Employees Retirement Systems of Michigan at 447 Canal Road, Lansing, Michigan.

Vicksburg District Library

NOTES TO FINANCIAL STATEMENTS - CONTINUED

February 29, 2008

NOTE D - PENSION PLAN - CONTINUED

**Funding Policy** - MERS members are required to contribute an amount varying from 0.0% to 10.0% depending upon which plan they fall under. The Library is required to contribute at an actuarially-determined rate; the current rate is 7.45% of annual covered payroll depending on the plan. The contribution requirements of plan members and the commission are established, and may be amended by MERS.

**Annual Pension Cost** - For the year ended February 29, 2008, the Library contributions were \$7,703 and were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2006. The employer contribution rate has been determined using the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used included (a) 8.0% long-term net investment rate of return, (b) projected salary increases of 4.5% per year, and (c) 4.5% per year cost-of-living adjustments. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

**Trend Information**

<u>Ended February 28,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2003	2,019	100%	\$ -
2004	3,365	100%	-
2005	4,469	100%	-
2006	8,109	100%	-
2007	7,703	100%	-

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

In the body of the financial statements, the Library's actual and budgeted expenditures have been adopted on a functional basis.

This is the same basis for which the budget has been legally adopted.



Vicksburg District Library

NOTES TO FINANCIAL STATEMENTS - CONTINUED

February 29, 2008

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS - CONTINUED

During the year ended February 29, 2008, the Library incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total</u> <u>Appropriations</u>	<u>Total</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
General Fund			
Utilities	\$ 10,675	\$ 10,954	\$ 279
Miscellaneous	200	279	79

NOTE F - RESTRICTED NET ASSETS

The Vicksburg District Library has received several contributions that have stipulations on how the money can be spent. As of February 29, 2008, the balance of cash restricted by donors for particular purposes was \$8,704.

REQUIRED SUPPLEMENTAL INFORMATION

Vicksburg District Library  
Budgetary Comparison Schedule-General Fund  
Year Ended February 29, 2008

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 210,730	\$ 210,730	\$ 210,730	\$ -
Resources (Inflows)				
Property taxes	285,922	316,534	288,614	(27,920)
State grants	8,195	8,971	8,971	-
Penal fines	26,500	29,327	29,327	-
Contributions	13,460	14,090	6,573	(7,517)
Fees and book fines	16,707	17,668	18,009	341
Interest	11,550	14,750	11,334	(3,416)
Other revenue	2,485	2,793	2,053	(740)
Amounts Available for Appropriation	575,549	614,863	575,611	(39,252)
Charges to Appropriations (Outflows)				
Salaries and fringe benefits	196,763	209,470	193,232	16,238
Conferences, workshops, & travel	1,750	2,800	2,594	206
Memberships	2,050	1,126	1,126	-
Books and related materials	29,300	30,318	29,998	320
Supplies	13,750	15,190	14,718	472
Special Projects	56,671	89,666	62,151	27,515
Repairs and maintenance	7,150	13,550	9,265	4,285
Professional and contractual services	9,275	17,375	16,167	1,208
Insurance	5,150	5,125	5,104	21
Telephone	4,000	4,050	3,680	370
Program costs	17,000	15,665	8,397	7,268
Utilities	9,550	10,675	10,954	(279)
Capital outlay	-	6,710	4,869	1,841
Miscellaneous	300	200	279	(79)
Total Charges to Appropriations	352,709	421,920	362,534	59,386
Budgetary Fund Balance-February 29	\$ 222,840	\$ 192,943	\$ 213,077	\$ 20,134

The accompanying notes are an integral part of this statement.

Vicksburg District Library

Analysis of Funding Progress - Employee Retirement System

February 29, 2008

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated.

**Schedule of Funding Progress**

Actuarial Valuation Date December 31	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Actuarial Underfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1998	19,879	25,779	5,900	77%	41,234	14%
1999	24,954	24,050	(903)	104%	20,487	-4%
2000	31,010	28,930	(2,080)	107%	44,089	-5%
2001	36,848	42,481	5,633	87%	28,836	20%
2002	34,283	43,800	9,517	78%	27,654	34%
2003	35,077	49,780	14,703	71%	31,178	47%
2004	37,324	52,115	14,791	72%	32,772	45%
2005	40,792	58,620	17,828	70%	34,957	51%
2006	48,065	72,486	24,421	66%	125,983	19%

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May 6, 2008

Members of the Library Board  
Vicksburg District Library  
Vicksburg, Michigan

In connection with my examination of the statement of net assets of the Vicksburg District Library as of February 29, 2008 and the related statement of activities for the year then ended, I have reviewed the accounting policies and procedures employed by the Library and the internal controls in effect. As a result of this review, I wish to make certain comments and recommendations.

I have examined the financial statements of the Vicksburg District Library for the year ended February 29, 2008, and have issued my report thereon dated May 6, 2008. As part of my examination, I made a study and evaluation of the system of internal accounting control of the Vicksburg District Library to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities and Functions". The purpose of my study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the Vicksburg District Library is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting procedures.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Library taken as a whole. However, I noted certain matters that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions

involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The size of the Library's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Library Board continue to take an active role in the financial affairs of the Library to provide oversight and independent review functions.

The Library should eliminate accounts from its accounting records that have not been used for sometime or that have zero balances and are not expected to be used in the future. This would help in keeping general ledger accounts current and properly maintained.

This report is intended solely for the use of management and the State of Michigan, Michigan Department of Treasury, and should not be used for any other purpose.

In conclusion, I wish to state that I have had excellent cooperation from all personnel involved in the recordkeeping area and look forward to more of the same from them in the future. These comments and recommendations are intended to be only of a constructive nature as I am sure they will continue to improve your accounting system. I would be available at any time in order to discuss these comments and recommendations.

Respectfully submitted,

Handwritten signature of Calvin D. Meeusen in cursive, followed by the text "C.P.A. PLLC" in a stylized, handwritten font.

Calvin D. Meeusen, C.P.A., PLLC